

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE LOUISVILLE GAS )  
AND ELECTRIC COMPANY TO ADJUST ITS GAS )  
RATES AND TO INCREASE ITS CHARGES FOR ) CASE NO. 2000-080  
DISCONNECTING SERVICE, RECONNECTING )  
SERVICE AND RETRURNED CHECKS )

FIRST DATA REQUEST OF COMMISSION STAFF  
TO THE DEPARTMENT OF DEFENSE  
AND THE FEDERAL EXECUTIVE AGENCIES

The Department of Defense and the Federal Executive Agencies, pursuant to 807 KAR 5:001, are to file with the Commission the original and 10 copies of the following information, with a copy to all parties of record. The information requested herein is due on or before July 19, 2000. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the person who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information herein has been previously provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. Refer to Exhibit TJP-2 of the Direct Testimony of Thomas J. Prisco.

a. Explain in detail why Mr. Prisco used LG&E's pro forma gas rate base when determining the revenue requirement, rather than LG&E's gas capitalization. In addition, describe the reasons why Mr. Prisco believes it is appropriate to determine the revenue requirement in this case using the rate base rather than capitalization.

b. Was Mr. Prisco aware that in previous LG&E rate cases, the Commission determined the revenue requirement using capitalization instead of rate base?

2. Included in the determination of LG&E's rate base is a cash working capital allowance. The cash working capital allowance is based on the 1/8th formula approach, which includes certain operating expenses in the calculation. Mr. Prisco has proposed three expense adjustments that would impact the level of operating expenses used in the calculation of the cash working capital allowance. However, Mr. Prisco used the pro forma rate base as proposed by LG&E.

a. Explain in detail why Mr. Prisco did not recalculate the LG&E pro forma rate base to reflect his proposed expense adjustments.

b. Calculate a pro forma gas rate base for LG&E reflecting the impact of Mr. Prisco's expense adjustments. Include all supporting workpapers, calculations, and assumptions.

c. Provide a revised Exhibit TJP-2, using the pro forma gas rate base determined in part (b).

3. Refer to page 6 of the Direct Testimony of Thomas J. Prisco. In Case No 98-426,<sup>1</sup> the Commission amortized LG&E's Y2K expenses over a 3-year period. Given its determination in Case No. 98-426, explain why the Commission should deny the recovery of these costs for 4LG&E's gas division.



Martin J. Huelsmann  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, Kentucky 40602

DATED 7/5/2000

cc: All Parties

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<sup>1</sup> Case No. 98-426, Louisville Gas and Electric Company for Approval of an Alternative Method of Regulation of its Rates and Service, Order dated January 7,2000 .